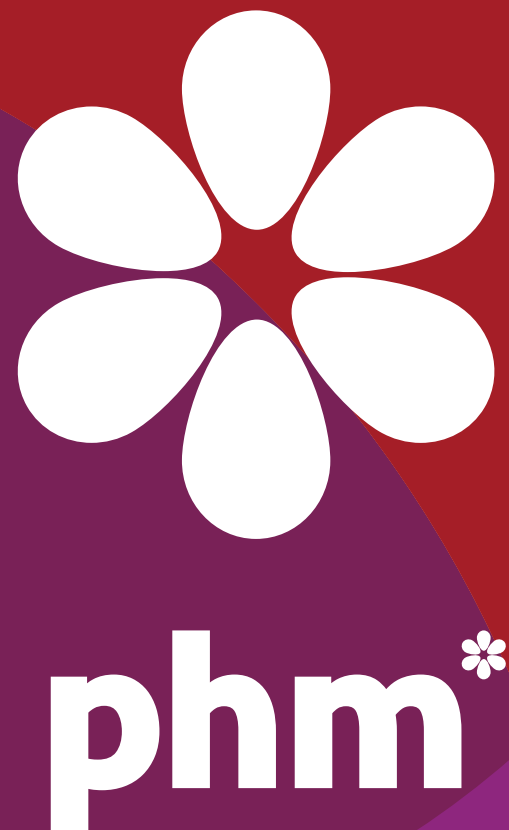




Nordic all-stars in local property service.

# PHM Group Holding Oy Annual Report 2021

Local champion or  
a Nordic group?  
Why not both.\*



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**READ ALSO:**  
Report by the Board of Directors and Financial Statements 2021



# Strengths

- ★ We are a Nordic property service group that is made up of strong local companies.
- ★ We serve our large customer base by providing a comprehensive range of property maintenance, management and technical services locally in Finland, Sweden, Norway and Denmark.
- ★ We have a solid track record of strong growth both organically and through acquisitions.
- ★ The resilient local property service market provides us with opportunities to grow even during times of general economic uncertainty.
- ★ Our growth strategy is clear and it provides us with several paths to grow over and above the market growth.
- ★ The fragmented market in which we operate offers us plenty of opportunities to further capitalise on our low risk acquisition strategy





# PHM Group

## a Nordic property service company

PHM Group is a Nordic provider of residential property services. We care about people by taking care of their surroundings. PHM Group consists of the best local enterprises, who share the same values and motives: entrepreneurship and a fair and responsible way of working. We believe that the only thing better than local service is local service with big resources. With PHM you don't have to choose between your well-known local entrepreneur and a big Nordic provider. With us, you get both.

Today we're present in Finland, Sweden, Norway, and Denmark with close to 4,800 professionals. We seek growth and continuous expansion to new areas.

PHM Group's owners are funds managed by Norvestor and a fund managed by Intera, together with the executive management and key personnel.

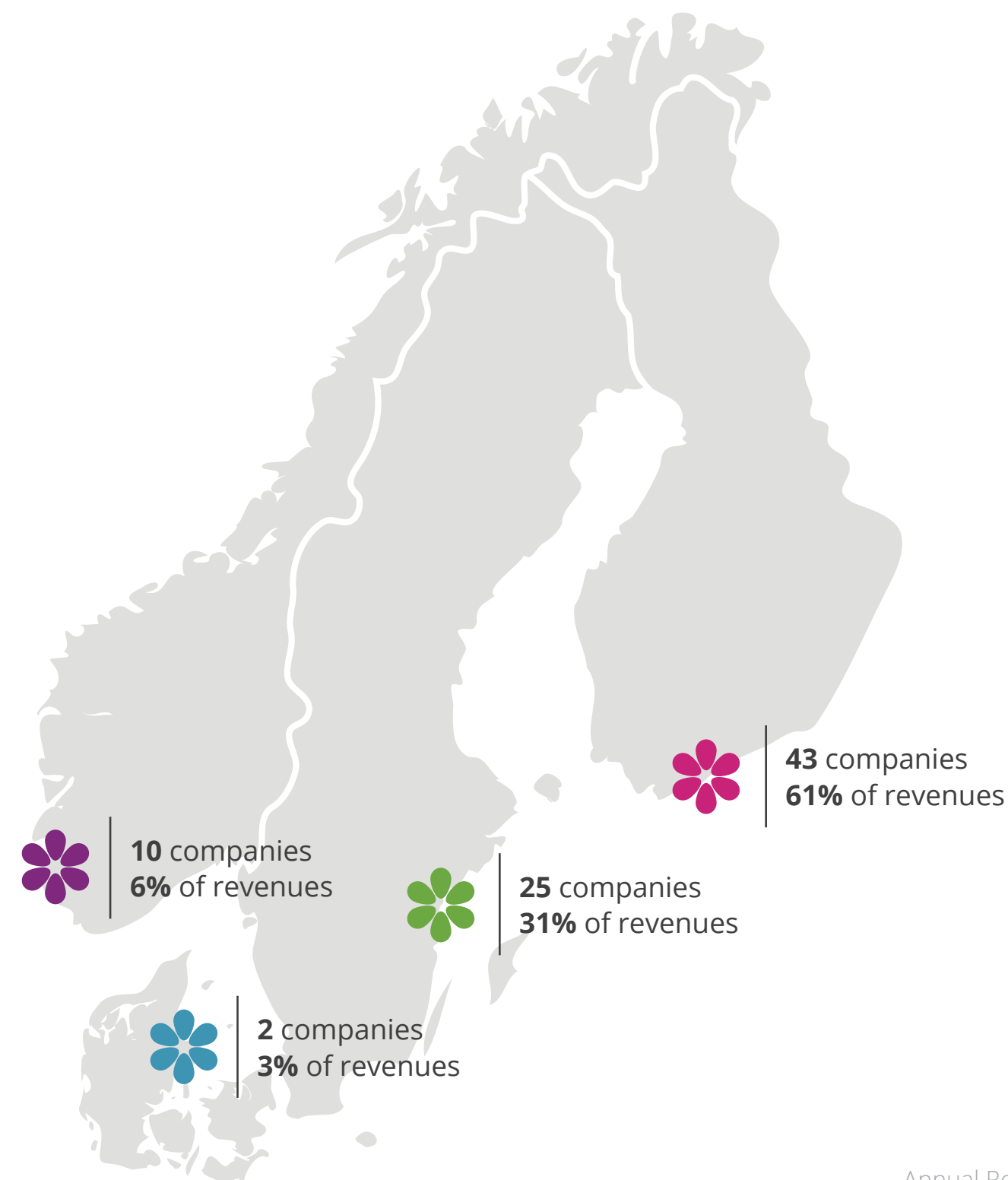
EUR 417  
MILLION

LFL REVENUE 2021

~18,000  
CUSTOMERS

80  
LOCAL  
COMPANIES

~4,800  
PROFESSIONALS



# History

The amalgamation of two companies which have consolidated the Finnish market, and together are aiming to consolidate the Nordic market.\*





# Strong growth organically and through acquisitions

PHM Group is a Nordic property service group that is made up of strong local companies. We are the clear market leader in Finland, and we have a strong position in the large Nordic property service market. We operate in a defensive and resilient market, and our services are in demand regardless of economic cycles.

While 2021 was an unusual and challenging year due to the COVID-19 pandemic, it was also a year of success and strong growth for PHM Group. Our like-for-like revenue grew significantly by 12%, driven by both organic growth and acquisitions, and amounted to EUR 417 million at the end of the year. We maintained strong organic growth, at EUR 43 million, and our LFL adjusted EBITDA was good at EUR 70 million and 17 percent of like-for-like revenue. Our cash flow is strong due to our low maintenance investment needs, favourable working capital profile and high EBITDA.

We operated in Finland, Sweden and Norway and we subsequently started our operations in the Danish market during the year. Our business developed favourably in all four markets and we were able to limit the impacts of the pandemic on our operations with good planning of work.





We continued the purposeful execution of our strategy by making 33 acquisitions that expanded our service offering and the geographical scope of our operations. The acquisitions had an effect of EUR 104 million on like-for-like revenue. During the year, we carried out a bond issue that enables us to continue the purposeful execution of our active M&A agenda in the future.

In the year under review, we also strengthened our group-level organisation and our country organisations by making several appointments that support our growth strategy. In Finland, our day-to-day management activities were dominated by the Koti-katu-PHM Group integration project. Deeper integration and development of our other businesses will continue during years to come.

Our vision is to be the leading local partner in property services in the Nordic region. To our customers, this will be reflected particularly in the reliability of our operations, a broader service offering, even better service quality and more competitive pricing.

Our focus in 2022 will be on growth outside Finland. In line with our strategy, we will seek organic growth and continue to make acquisitions in the countries in which we want to grow into a significant player.

We will maintain and improve operational efficiency by, for example, developing our additional sales and service concepts and strengthening our digital service offering. We will continue the corporate responsibility efforts we began in 2021, focusing particularly on three areas: good governance, a safe and diverse workplace, and the climate and the environment.

I want to take this opportunity to express my warmest thanks to our personnel and all of our stakeholders for the past year. We will continue to put our mission into action with passion: we make housing and daily life smooth, comfortable and safe – every day.

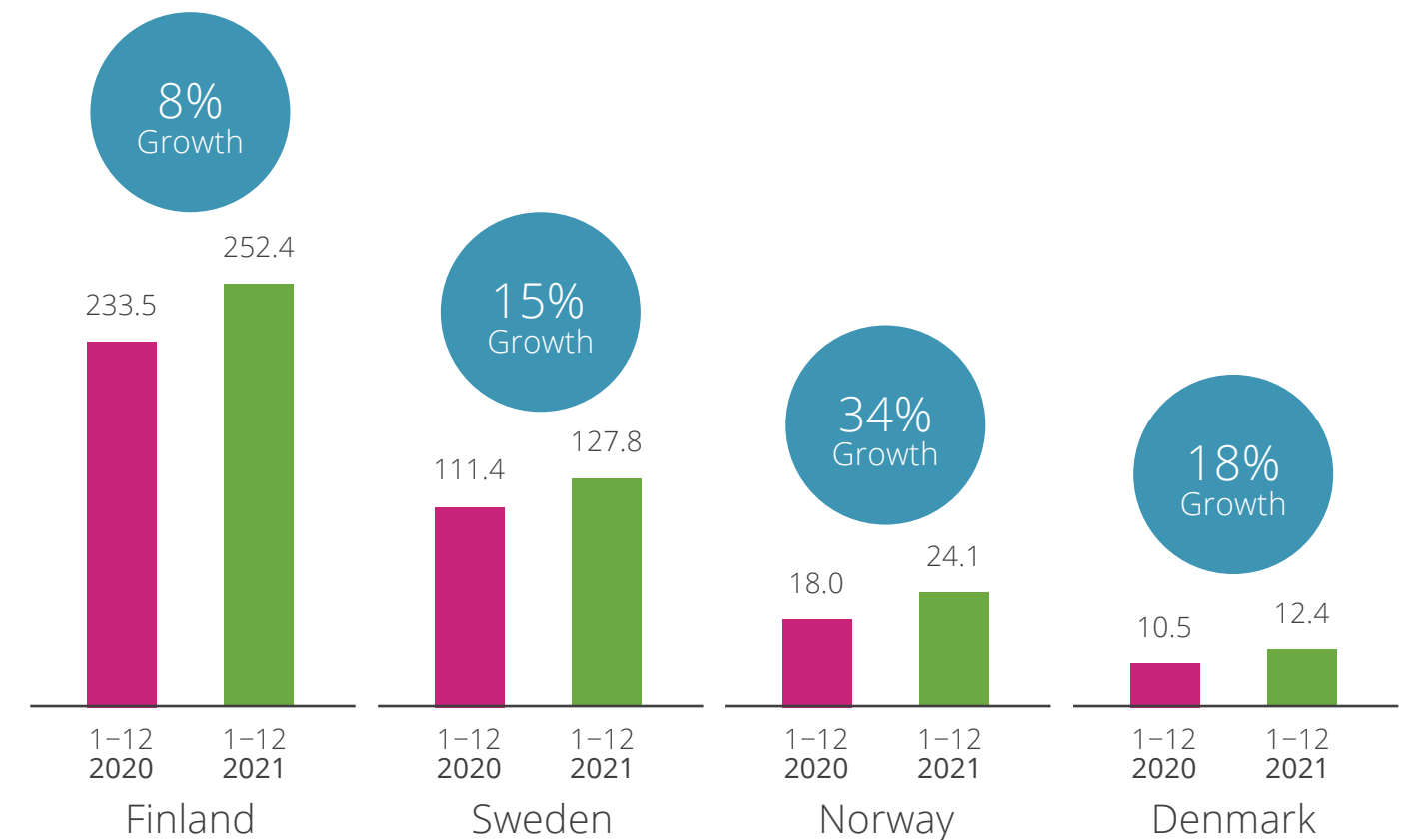
**Ville Rantala**  
CEO



# Key figures (IFRS)

EUR million, unless otherwise specified	2021	2020
<b>Reported</b>		
Revenue (net sales)	364.2	122.2
EBITDA	57.0	15.0
Adjusted EBITDA	62.8	24.3
Adjusted EBITDA margin -%	17.2%	19.9%
Adjusted EBITA	36.1	14.0
Adjusted EBITA margin -%	9.9%	11.5%
Profit for the period	-4.8	-6.9
<b>Like-for-like (LFL)</b>		
LFL Revenue (net sales)	416.7	373.4
LFL EBITDA	64.6	54.1
LFL adjusted EBITDA	70.4	63.5
LFL adjusted EBITDA margin -%	16.9%	17.0%
LFL adjusted EBITA	40.9	37.1
LFL adjusted EBITA margin -%	9.8%	9.9%
LFL synergy adjusted EBITDA	71.6	-
<b>Financial position</b>		
Equity ratio -%	23.2%	41.4%
Net interest bearing debt (NIBD)	346.3	199.2
Leverage, x	4.84	-
Operating cash flow	42.0	8.7
Cash conversion	73.7%	58.3%
<b>Other</b>		
Number of employees at the end of period	4,781	3,191
Average number of employees	4,138	1,410

## LFL Revenue (MEUR) by country and growth y-o-y (%)



# Highlights of the year

We made 33 acquisitions that expanded our service offering and the geographical scope of our operations.

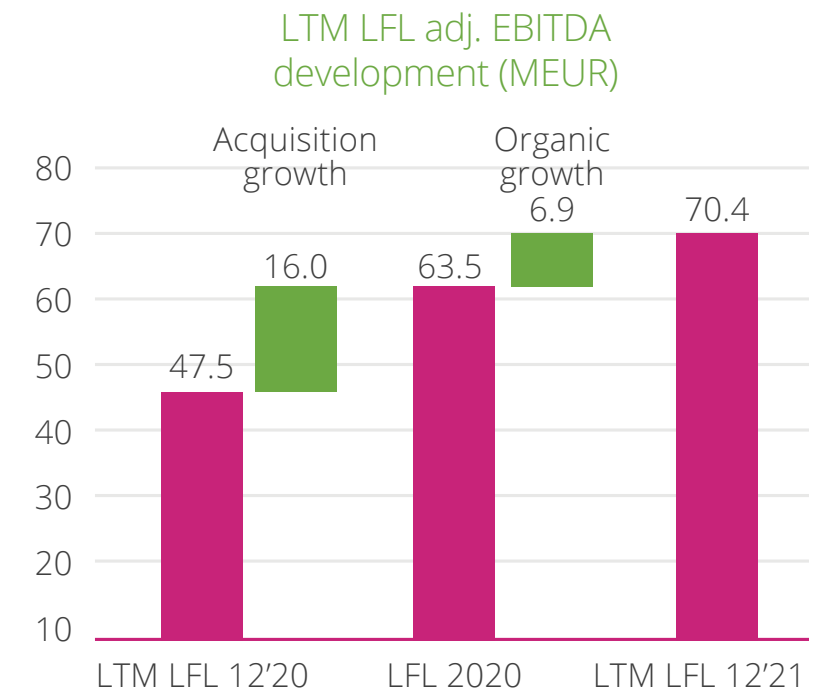
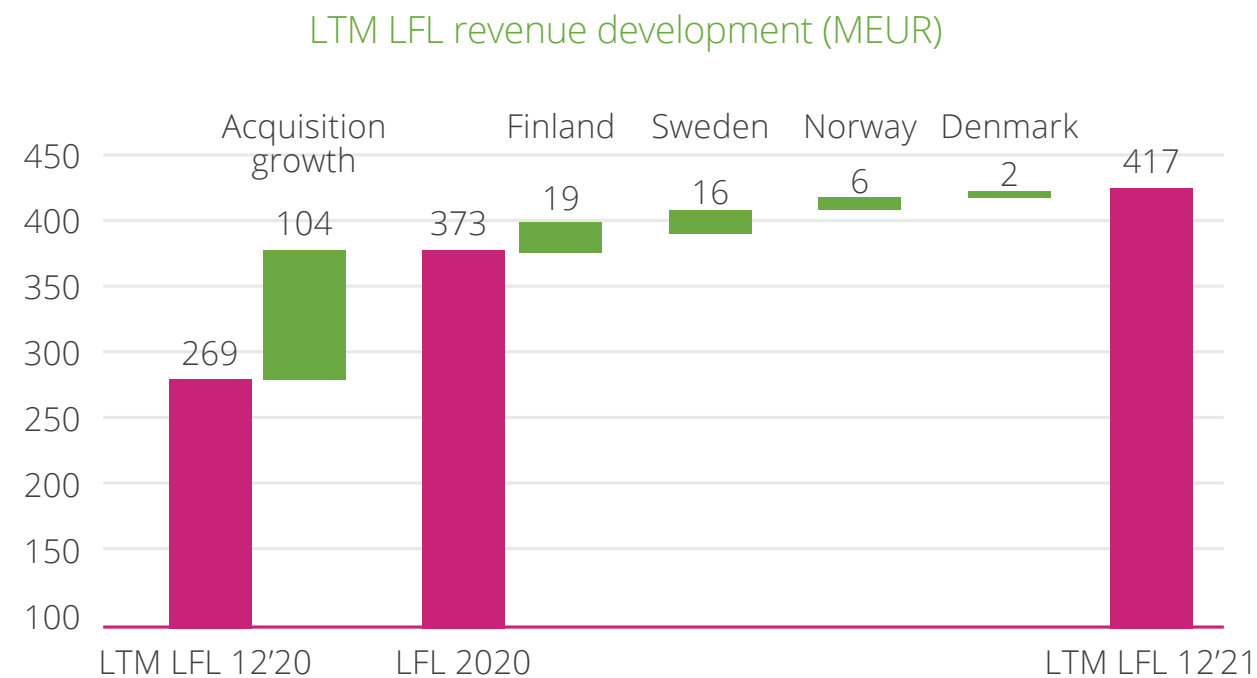
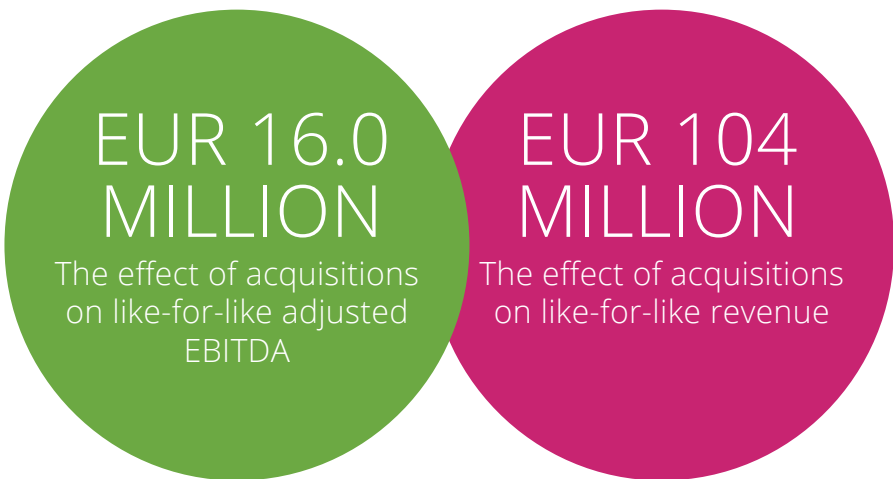
- We strengthened our position in various regions of **Finland** 🌸, including northern Finland, Tampere and Turku.
- We made our largest international acquisition to date by acquiring the **Swedish** 🌸 company Flow Fastighetsvärden AB, which provides us with access to a property management system. We also made several other large acquisitions in Sweden, strengthening our position as the leading driver of consolidation in the market.
- We increased our coverage of the **Norwegian** 🌸 market by expanding to Stavanger, among other places, and we strengthened our position in Oslo and Trondheim.
- We started operations in **Denmark** 🌸 by making two acquisitions in Copenhagen.



## Acquisitions 2021

🌸	16 IN FINLAND	🌸	6 IN NORWAY
🌸	9 IN SWEDEN	🌸	2 IN DENMARK

# Highlights of the year



We delivered impressive organic and acquisition growth during challenging market conditions.



In Finland, the Kotikatu-PHM integration project progressed according to plan and we were able to extract synergies also on other transactions.



We strengthened our organization by making strategic appointments at the executive level and in responsibility-related positions, and we restructured our local organisations in Finland and Sweden.



We started the development of our corporate responsibility strategy in parallel with the renewal of our governance practices.



We carried out a successful bond issue ensuring financing to continue our growth agenda.



When the ground is covered with ice, you do not need a corporation. You need Mikko Pirinen and 200 kilos of crushed stone.\*

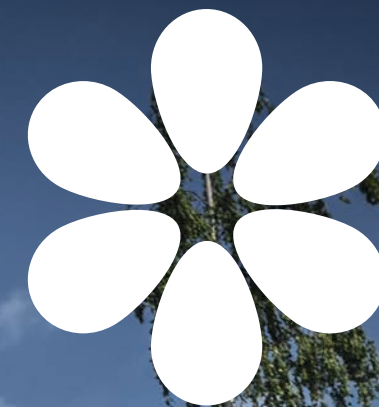
# Business operations

We provide a diverse range of services related to property use and maintenance. Our goal is to ensure safety and comfort of living of our customers and the preservation of the value of our customers' properties and extending their technical life-cycle.

Our large customer base consists of over 18,000 contractual customers, most of which are residential buildings and smaller local real estate housing companies.

We combine the best of a big and small player:

1. We have the best boots on the ground.
2. We are entrepreneurial.
3. We stand for high quality and fast service.
4. Our range of services is superior.






# A diverse range of services

More than 90% of revenue comes from the contract portfolio comprised of over 18,000 customers.


## Contractual services

Contractual services include various essential property maintenance, cleaning and management services that are based on contracts and invoiced in fixed monthly installments.


Examples of these services include:



Contractual maintenance

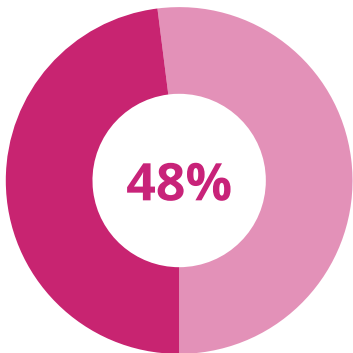


Cleaning



Maintenance of yards and other outdoor areas


Share of the group's consolidated revenue:




## Additional services

Additional services consist of recurring and seasonal property maintenance services that are partially included in our customers' annual contracts.


Examples of these services include:



Urgent repairs

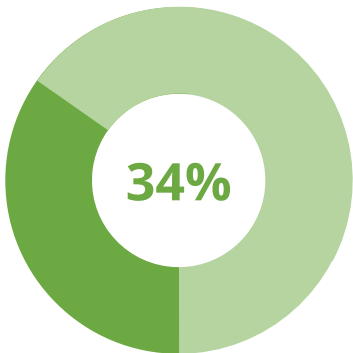


Window cleaning



Snow removal and gritting


Share of the group's consolidated revenue:




## Technical services

Services related to the technical maintenance of properties are based on non-recurring demand. We provide these services to our contractual customers by separate order. We also provide these services to our other customers as needed.


Examples of these services include:



Services related to heating, ventilation and air-conditioning

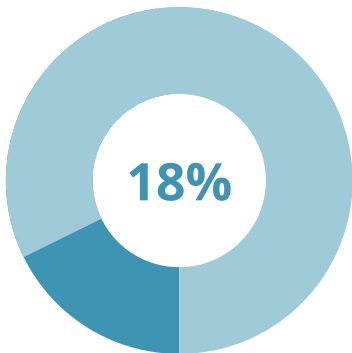


Plumbing services



Minor construction services

Share of the group's consolidated revenue:





Local service – close to the customer

Our 80 local companies in Finland, Sweden, Norway and Denmark serve our customers with a reliable and proactive approach in the customer's best interests.





Nordic all-stars in  
local property services.



## Vision

WE WILL BE THE MARKET LEADER  
ACROSS ALL OUR MARKETS.  
TOWN BY TOWN.

## Values

TO WIN, WE STAND FOR:

**Entrepreneurial.**  
**Fair.**  
**Responsible.**

## Mission

WE THINK PEOPLE-FIRST:

**We care about people  
by taking care of their  
surroundings.**

## We are

A CLUB OF LOCAL STARS.  
NOT A CORPORATION.

## Cornerstones

A UNIQUE GAME PLAN:

**Always local. Never alone.**

1. Best boots on the ground
2. Local mission, nordic means
3. Growth follows good work
4. To prosper, we partner

## Promise

TO GROW, WE DELIVER:

**Big or local?  
Why not both.**



# Market trends support our growth

## ★ Trends in property maintenance

The building stock is ageing and becoming increasingly technical

Service outsourcing is becoming more common

Digitalisation

Corporate responsibility and sustainable development

Urbanisation

Industry consolidation

Shortage of highly competent professionals

## ★ Drivers of our growth

The need for property life-cycle services and continuous contractual building technology services is growing

Customers want to purchase services comprehensively through a single partner; the demand for a comprehensive service offering is growing

Digital service platforms enable the improvement of operational efficiency and the exchange of information

The trend of sustainability creates the need for property maintenance services that increase property value and extend the property life-cycle

Urbanisation creates the conditions for service areas that cover larger sets of properties

The consolidation of the industry enables the M&A-driven strengthening of local concentrations of specialised service providers and growth that exceeds the average growth rate of the market

- Acquisitions also address the shortage of highly competent professionals in the industry
- By taking good care of our personnel, we ensure our ability to produce high-quality property services locally





We care about people by taking care of their surroundings. This is our mission. This is what responsibility means to us. Today we have close to 5,000 people working for this goal.\*

# We look after people

Our basic mission has always been to look after our customers. Our employees in the Nordic countries make sure that our customers' daily lives are safe, smooth and comfortable.

We provide a wide range of services in the field of property maintenance, management and cleaning. Our work has a direct effect on the safety and well-being of customers because we perform duties such as maintenance of icy yards in winter, snow clearing, lighting and visibility services, locksmith services, and services related to electrical, fire and chemical safety. The outcome of our responsible work is a satisfied customer.

The best way to ensure customer safety and comfort in residential settings is to have highly competent, committed and motivated employees. We have achieved strong growth through acquisitions and, consequently, the focus of our HR development efforts in 2021 was on the harmonisation of our management, operating practices and systems.

The cornerstones of corporate responsibility are created from consistent operating practices and rules. We started to develop these in late 2021 by focusing particularly on three areas in our corporate responsibility efforts: good governance, a safe and diverse workplace, and the climate and the environment. PHM Group's new corporate responsibility strategy, including targets and actions, will be built around these areas during the first half of 2022.

## The key areas of PHM Group's responsibility

Good governance\*

A safe and  
diverse workplace\*

The climate and  
the environment\*

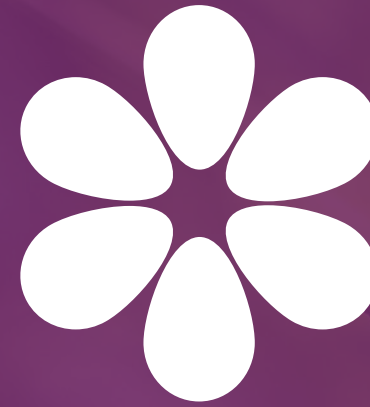


# Good governance

In all our operations, PHM Group complies with the applicable legislation and regulations issued by the authorities, and we require the same from our employees, subcontractors and other partners. We are committed to operating with integrity.

At the turn of the year 2021–2022, we updated the Group's Code of Conduct and key policies, such as the policy concerning compliance with competition law, guidelines for the prevention of corruption and bribery, our non-discrimination and workplace diversity policy, and our guidelines concerning charity, sponsorship and donations. The implementation of the Code of Conduct and the other policies will start in the first half of 2022 by means of training activities, for example.

In 2021, we introduced an internal whistleblowing channel for reporting suspected misconduct in the manner stipulated by EU legislation. The use of the whistleblowing channel will be expanded further in 2022.



## Our Code of Conduct

We respect human rights and workers' rights. We treat each other and job applicants with respect and equality and without discrimination. We do not condone any form of bullying, harassment or inappropriate conduct. We do not discriminate against anyone based on age, origin, nationality, language, religion, belief, opinion, political activity, trade union activity, family relations, health, disability, sexual orientation or other personal reasons.

We comply with labour law, collective agreements, occupational health and safety regulations, and other obligations. All our employees have a written contract of employment. Our employees enjoy freedom of association. We observe consistent HR practices, operating principles and policies. We use professional payroll calculation to ensure consistent wage payment practices.

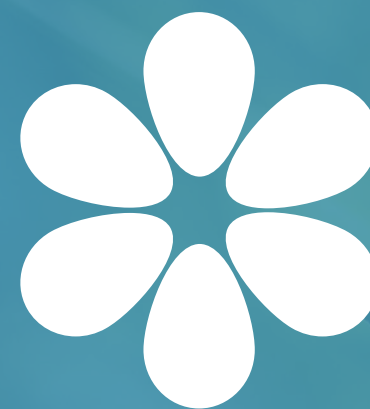
We do not condone bribery of any form in our business operations. All PHM Group employees are required to act with integrity and transparency.



# A safe and diverse workplace

For us, social responsibility primarily means responsibility for our employees. In 2021, we employed nearly 4,800 people in Finland, Sweden, Norway and Denmark. We are a significant employer and, as a growing service company, the number of people we employ will grow further in the future. Satisfied and committed employees provide the best service to customers. We offer diverse duties, support the career development opportunities of our employees and look after their well-being. We provide our employees with healthy and safe working conditions.

In our recruitment, we employ people who represent different cultures and age groups and have different educational backgrounds or previous career experience. To enable our growth, we have a continuous need to recruit competent professionals, which is why we aim to be a motivating and diverse workplace for professionals regardless of their background. We will pay even more attention to this area in 2022.



## Good results from the personnel survey

A personnel survey conducted in 2021 highlighted the following as PHM Group's strengths: trust, fair and approachable supervisors, clear expectations regarding the results of work, and adequate tools for performing work duties. The survey respondents also felt that PHM Group enables its employees to maintain a healthy work-life balance. We are proud of being perceived as a humane, fair and straightforward workplace.

The areas requiring further development, as highlighted in the survey, included facing changes together, the development of new working methods in the workplace community, the courage to address difficult issues and receiving feedback from supervisors. Based on the results, we recognise that the merger between PHM and Kotikatu is still a recent development, and the Group's rapid rate of growth through acquisitions also requires a high level of competence with regard to change management. We plan to pursue improvement in this area in 2022 through supervisor training, for example.

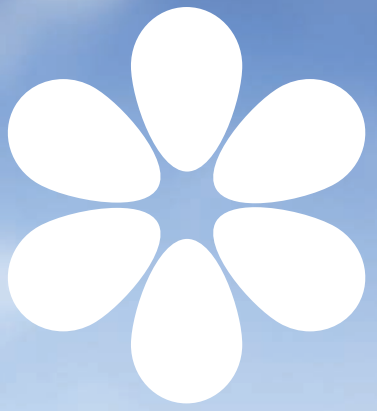


# Occupational safety is one of our highest priorities

Our employees occasionally work in challenging conditions, and they regularly use various types of machines, vehicles and tools. We also handle various chemicals in our maintenance and cleaning operations. We comply with the occupational safety and health legislation that applies to our operations.

Our goal is to provide all our employees with comprehensive orientation training at the beginning of the employment relationship and subsequently to provide additional training according to their duties and needs throughout the employment life-cycle. We require our business units and employees to observe safe working practices, including the use of personal protective equipment whenever their tasks require it.

In 2020–2021, PHM Group focused particularly on updating and harmonising the guidelines and procedures concerning various work duties. Building on these efforts, in 2022, we will specify more detailed health, safety and environmental requirements for our units, further specify responsibilities, update our targets and conduct safety trainings and internal safety audits.





# The climate and the environment

We continuously develop our operations to reduce our adverse environmental impacts. We comply with environmental legislation and the regulations issued by the authorities in all circumstances, and we require the same from our subcontractors. We encourage all of our partners to continuously develop more environmentally sustainable operating practices.

We are always close to the customer, which minimises the distances travelled and reduces fuel consumption. Our fleet consists of thousands of vehicles, including vans, cars, lorries, snow removal vehicles and other mobile machines. We take ecological considerations into account in route planning and optimise the structure of our operating areas and units in accordance with potential changes in our contract portfolio. As a rule, we invest in low-emission vehicles and machines.

In 2022, PHM Group will set climate targets for the entire Group and draft a plan for the reduction of climate emissions. While individual group companies have previously had their own environmental programmes and targets, we will increasingly engage in climate action as a united front going forward.





# Board of Directors



Karl Svozilik b. 1979

Chairman of the Board of Directors since 2020

Mr Svozilik is a Partner at Norvestor and also serves as the Chairman of the Board of First Camp and a Member of the Board of VENI Energy Group.



Ståle Angel b. 1960

Member of the Board of Directors since 2020

Mr Angel is a Partner at FAM Vekst AS and Ingvarda AS and also serves as Chairman of the Board of XPLORE Smartwatch and Member of the Board of First Camp, 4SERVICE and Solcellespesialisten.



Marika af Enehjelm b. 1974

Member of the Board of Directors since 2020

Ms af Enehjelm is a Partner at Norvestor and also serves as a Member of the Advisory Board of Minimax Viking, FVCA – Pääomasijoittajat, Envera, VENI Energy Group and Foxway Group.



Tuomas Sarkola b. 1988

Member of the Board of Directors since 2020

Mr Sarkola is a Partner at Intera Partners Oy. In addition, Sarkola is a Member of the Board of HögforsGST.



Svein Olav Stølen b. 1959

Member of the Board of Directors since 2020

Mr Stølen serves as Chairman of the Board of Nomor and PELIAS Skadedyrforvaltning.

# Management Team



Ville Rantala b. 1971  
CEO  
Member of the Management  
Team since 4/2020



Juha Allonen b. 1981  
CIO  
Member of the Management  
Team since 9/2020



Toni Mannila b. 1977  
Country Director, Finland  
Member of the Management  
Team since 4/2021



Joni Paananen b. 1979  
Group Legal Counsel  
Member of the Management  
Team since 9/2020



Petri Pellonmaa b. 1980  
CFO  
Member of the Management  
Team since 4/2020



Eeva Tielenen b. 1978  
HR Director  
Member of the Management  
Team since 9/2020



Jon Eldon b. 1972  
Country Director, Norway  
Member of the Management  
Team from 6/2022



Hanna Haapakoski b. 1983  
Director,  
Corporate Responsibility  
Member of the Management  
Team since 5/2022



Andreas Westin b. 1980  
Country Director,  
Sweden  
Member of the Management  
Team from 6/2022



**phm\***

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